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Dominican Republic

Grain and Feed

Corn Production and Trade

2006

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Report Highlights:

The Dominican Republic only produces about four percent of its grain requirements and this is not expected to change in the near future. As a result the country is expected to import 970,000 MT in MY 2005 all from the United States for proximity, quality and price. As the principal feed ingredient, corn is used to support the poultry, swine and cattle industry. The DR-CAFTA agreement is expected to consolidate trade with the United States when implemented in early 2007.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Santo Domingo
[DR]

Corn production in the Dominican Republic has remained flat between 35 to 40 thousand tons for the last five years and is not expected to change in the near future. Local production represents less than four percent of total market demand. Marketing year 2005 production, remains at the almost the same level as the year before, at about 33,000 metric tons. The total output demonstrates that no additional acreage was devoted to corn and that yields were not particularly high.

Almost all domestic grain requirements for the feed industry (for poultry, swine and cattle production) is imported from the United States. As a result of high prices in 2004 and the deterioration of the Dominican economy that year, imports from the United States dropped to 970,000 MT from an anticipated 1,100,000 MT. As the Dominican economy recovers with considerable growth in GDP (according to the Central Bank GDP was 9.3 for 2005), a higher demand for poultry, pork and beef feed is anticipated.

MY 2005 corn consumption was revised down based on import estimates. The economic crisis has affected the whole country, producers and consumers alike. Some small poultry operations have closed down and others have consolidated with larger producer groups in order to survive hard times.

About 70-75 percent of the corn supply is consumed by the poultry industry, mainly in broiler and layer production. The other major user of imported corn is the swine sector, which accounts for 22 percent of consumption. Cattle, mostly in the dairy sector, consume the rest. Consumption in MY 2006 is expected to surpass one million tons, slightly above the year before but less than ten percent lower than previously estimated. It is early to estimate MY 2007, however, the economic situation is more likely to continue stable until, perhaps the next general elections in May 2008.

Corn and soybean meal are the major ingredients in feed formulations and are exempted from import taxes, in order to lower costs to producers. As a result of the high demand for feed grains and low domestic production in recent years, the Dominican Republic is not enforcing quota limitations nor does it anticipate doing so in the future. The recently negotiated DR-CAFTA free trade agreement reduces duties to zero and eliminates all import quotas immediately.

The Dominican Republic does not subsidize or restrict the trade of corn. However, the government prefers that all trade be conducted through a registered Dominican agent. No objection import permits are readily available through the Secretariat of Agriculture. There is no basic tax on corn but has a temporary 13 percent foreign exchange surcharge, which was eliminated by July 2006.

The DR-CAFTA free trade agreement is expected to consolidate trade with the United States, although there is no basic tariff applied to this commodity. The agreement is expected to be fully implemented in early 2007.

PSD Table

Country	Dominican Republic						
Commodity	Corn						
	(1000 HA)		(1000 MT)				
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official	Estimate	IA Official	Estimate	IA Official	Estimate	New
Market Year Begin	10/2005	10/2005	10/2006	10/2006	10/2007	10/2007	MM/YYYY
Area Harvested	27	25	27	25	0	26	(1000 HA)
Beginning Stocks	105	105	141	138	177	136	(1000 MT)
Production	36	33	36	33	0	34	(1000 MT)
TOTAL Mkt. Yr. Imports	1100	970	1150	1040	0	1030	(1000 MT)
Oct-Sep Imports	1100	970	1150	1040	0	1030	(1000 MT)
Oct-Sep Import U.S.	970	970	1150	1040	0	1030	(1000 MT)
TOTAL SUPPLY	1241	1108	1327	1211	177	1200	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	1100	970	1150	1075	0	1090	(1000 MT)
TOTAL Dom. Consumption	1100	970	1150	1075	0	1090	(1000 MT)
Ending Stocks	141	138	177	136	0	110	(1000 MT)
TOTAL DISTRIBUTION	1241	1108	1327	1211	0	1200	(1000 MT)